

**PREPARED STATEMENT OF JAC NASSER
FORD MOTOR COMPANY
BEFORE THE SUBCOMMITTEE ON TELECOMMUNICATIONS, TRADE, AND
CONSUMER PROTECTION AND THE SUBCOMMITTEE ON OVERSIGHT AND
INVESTIGATIONS, U.S. HOUSE OF REPRESENTATIVES**

HEARING ON FIRESTONE TIRE RECALL ACTION

September 6, 2000

Good afternoon, Mr. Chairman, members of the Committee. I am Jac Nasser, President and CEO of Ford Motor Company. I have been with Ford Motor Company for more than 30 years in a variety of positions around the world. I am proud of the great contributions Ford Motor Company has made to improving the standard of living of millions of people around the world. I am driven to make sure that everything we do serves all customers, and clearly their safety is uppermost on our minds. For that reason, I am deeply troubled by the fact that there are defective tires on some of our vehicles.

As you know, Firestone manufactured and warranted these tires. However, because so many of these tires were used as original equipment on Ford products, we have taken extraordinary steps to support this recall and ensure the safety of our customers. Ford Motor Company is absolutely committed to doing the right thing to protect our customers and to maintain their trust.

Throughout this period, we have been guided by three principles. First, we will do whatever we can to guarantee our customers' safety. We are committed not only to their physical safety, but also their feelings of security when driving our vehicles. Second, we are working hard to find and replace bad tires with good tires. That includes making

sure that we understand the scope of the problem and finding the cause of the problem. Third, we will continue to be open about any data, statistics or information that we have, and will share anything new as soon as we know it.

Because I don't want there to be any question about our openness, I wanted to personally discuss Ford's actions with you at this hearing.

Actions We Have Taken

Now, let's talk about the actions Ford has taken to support the recall and why we believe these are the right actions.

First, this is a tire issue, not a vehicle issue. We have millions of Goodyear tires on 1995 through 1997 Explorers—the same specification tire operating under the same conditions—and they haven't experienced these problems.

Furthermore, the Explorer is one of the safest SUVs on the road. Proof of this is our exemplary safety record over the last decade. The most recent data from the Department of Transportation show that the Explorer has a lower fatality rate than both the average passenger car and competitive SUV, as shown in Attachment 1. Additionally, Explorer's fatality rate in rollover accidents is 26 percent lower than other compact SUVs (Attachment 2).

Second, we strongly support Firestone's decision to recall 15" ATX and Decatur-built Wilderness AT tires. Based on the Firestone data we have, we've determined that these

tires are problem tires. Charts summarizing our detailed analysis of the Firestone data are included in Attachments 3 through 11.

What we still don't know is why these tires fail. We are working hard on that.

Customer Focus

As I said, our top priority is to replace faulty tires as fast as possible. I'd like to highlight a few of the many things we have done to support Firestone's recall and speed replacement. As of September 1, about 1.5 million tires have been replaced—about 23 percent of the total population of affected tires. We worked with the tire industry to increase production of 15-inch tires by more than 250,000 tires per month by the end of September. We have suspended production at three assembly plants, adding approximately 70,000 tires to the replacement population. We have engaged 3,100 Ford and Lincoln-Mercury dealers to perform tire replacements.

We've also made a major effort to communicate information about the Firestone recall to our customers. For example, we have opened an additional call center to deal specifically with inquiries on the tire recall. We are using our website to provide detailed information on the recall action. And we are running national and local newspaper and television ads to alert customers to the recall and show them how to tell if their vehicles are affected.

Overseas Actions

I would also like to comment on our actions overseas. When reports of tread separation in the Middle East came to our attention, we asked Firestone to investigate. They concluded that the tire failures were due to external causes, such as poor repairs, road hazard damage, and extreme operating conditions. But given the problems our customers were having, we decided to replace the tires with a more puncture resistant tire.

Another market where we have experienced tire problems is Venezuela. The situation in Venezuela is complicated by the fact that about three-quarters of the tires were locally produced. Again, Firestone concluded that the tread separations were caused by poor repairs, road hazard damage, and extreme operating conditions. In May, we began replacing all the Firestone tires on Ford Explorers and certain light trucks in Venezuela.

Concern about the safety of all of our customers, including our U.S. customers, drove us to look aggressively for evidence of a defect in the U.S. at the same time we were taking actions overseas. I share this with you, not to finger point at Firestone, but simply to tell you what we did. As early as April of 1999, we were searching all available data bases—our own and the government's. We asked Firestone to check its records. And we had new tires tested under three separate, severe test conditions to try to cause tread separation to happen. Last Fall, we kicked off a tire inspection test program in the Southwest of the U.S. No defect trend was found.

When NHTSA opened their investigation, and required Firestone to assemble and provide data on property damage, personal injury, and lawsuits, Ford insisted on obtaining the data as well. When we received the data late in July, we quickly analyzed it and identified the problem tires that were recalled August 9.

It has been standard practice in the automotive industry that tires are the only part of the vehicle not warranted by the vehicle manufacturer. They are the only part for which vehicle manufacturers do not receive field performance data. At Ford, this will change.

Through all this, we were always open and sought only to find the facts and do the right thing for our customers.

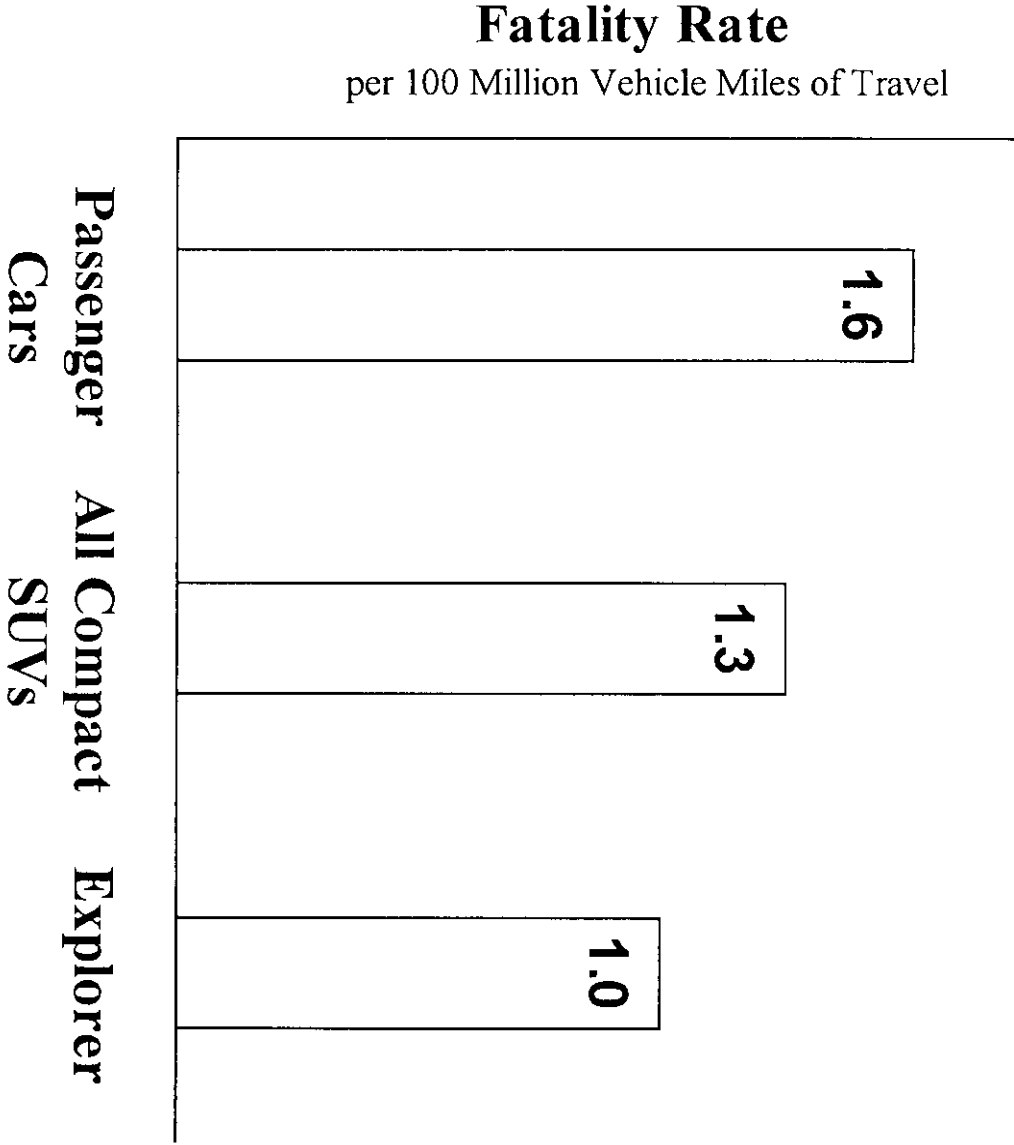
Conclusion

Our mission remains to replace bad tires with good tires as quickly as possible. The safety, trust and peace of mind of our consumers are paramount to Ford Motor Company.

Testimony of Ford Motor Company
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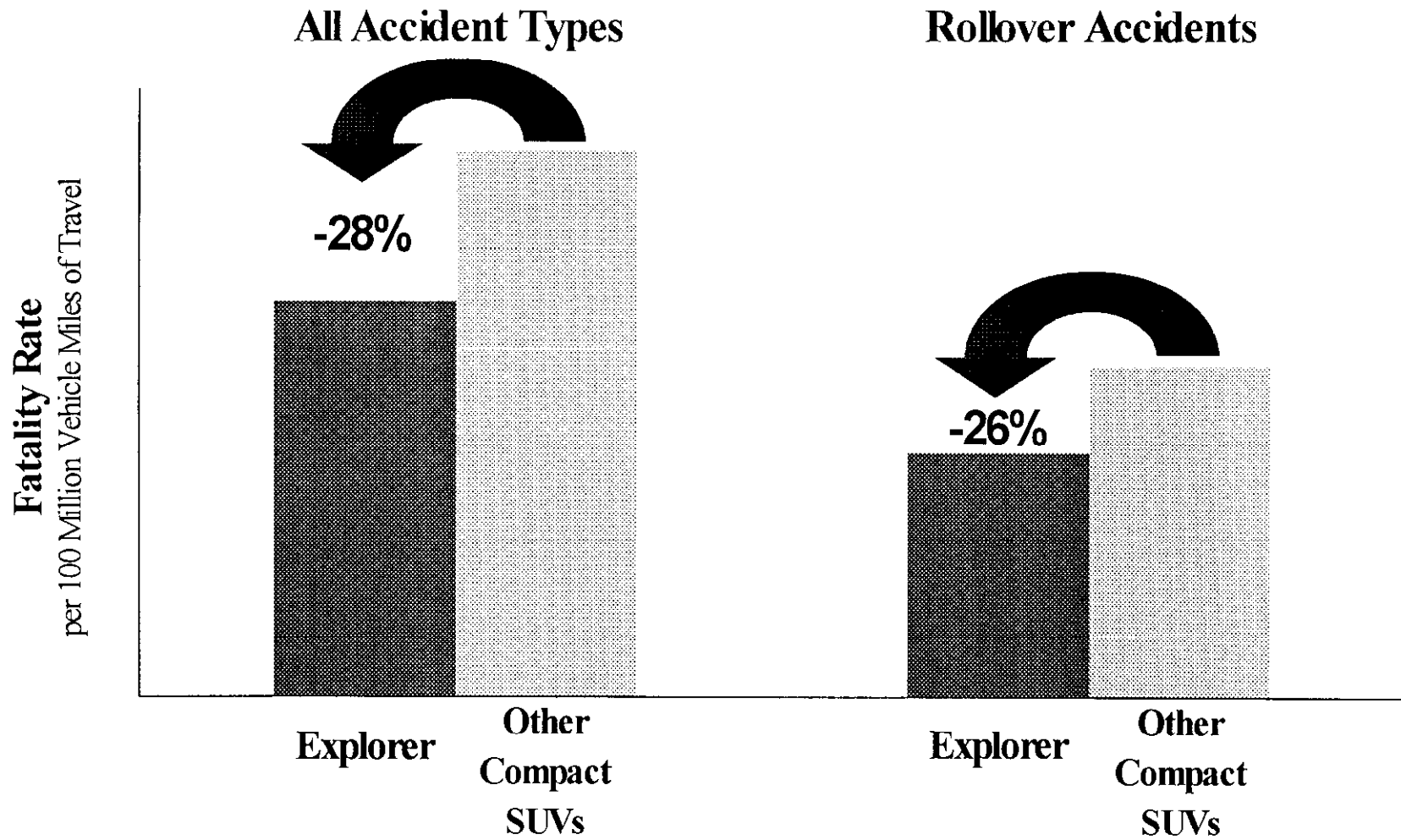
Fatality Rate Comparison



Source: Department of Transportation Data

Ford Motor Company

Fatality Rate Comparison

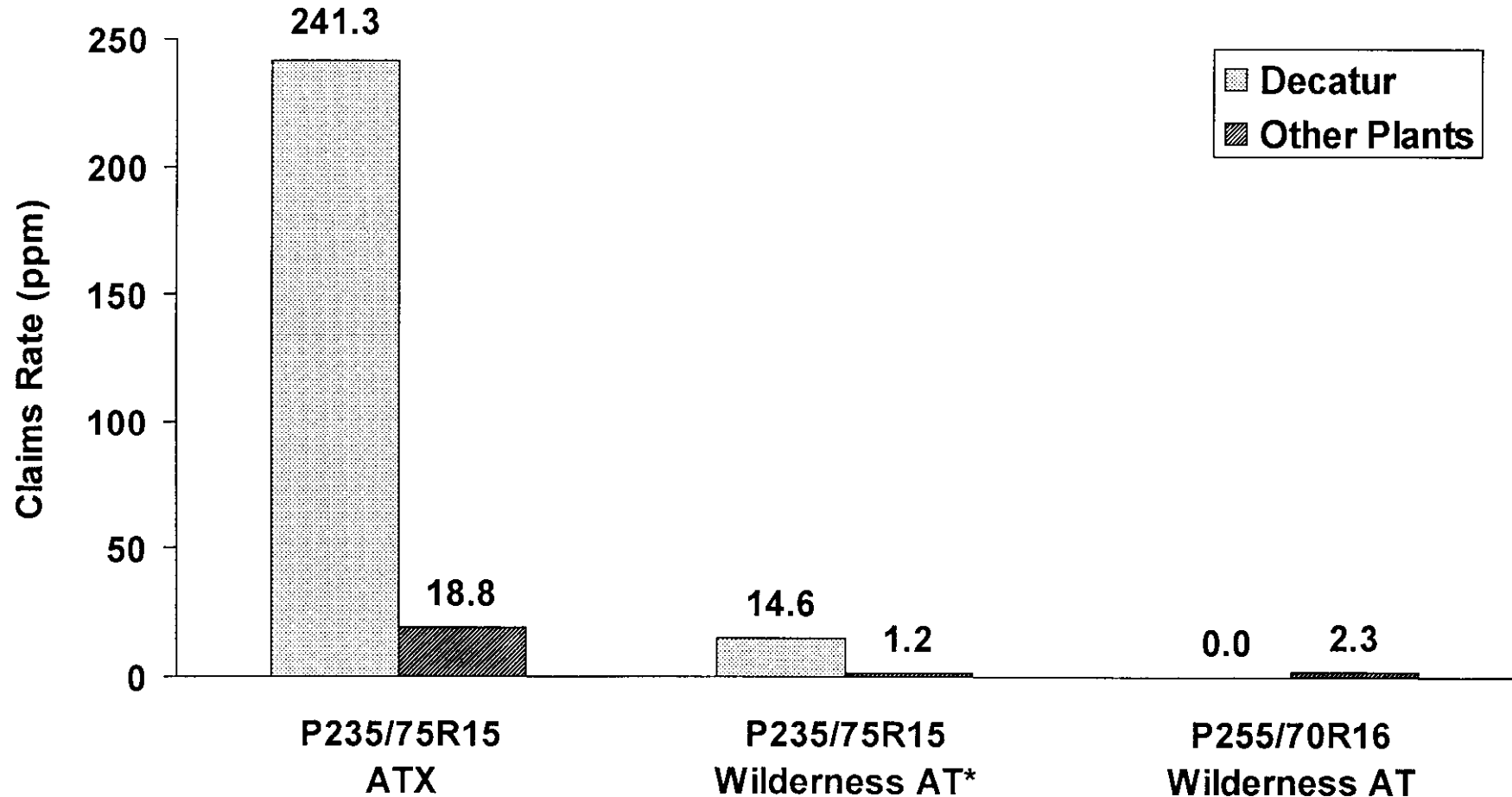


Source: Department of Transportation Data

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Tread Separation Claims Rate for Firestone 15-inch and 16-inch Tires

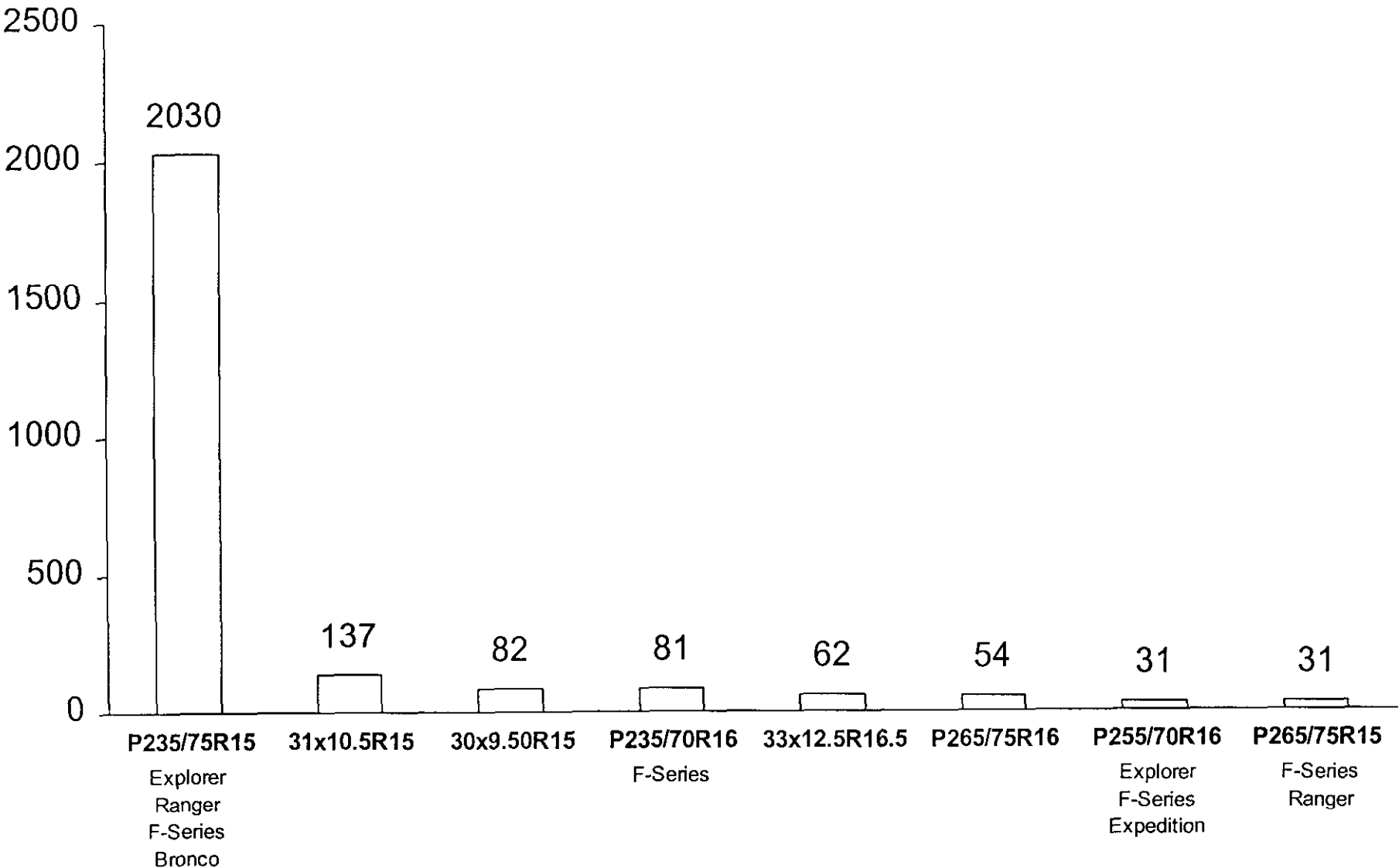
Production Years 1995-1999 and Claims Years 1995-1999



* P235/75R15 Wilderness AT 15-inch production began in 1996

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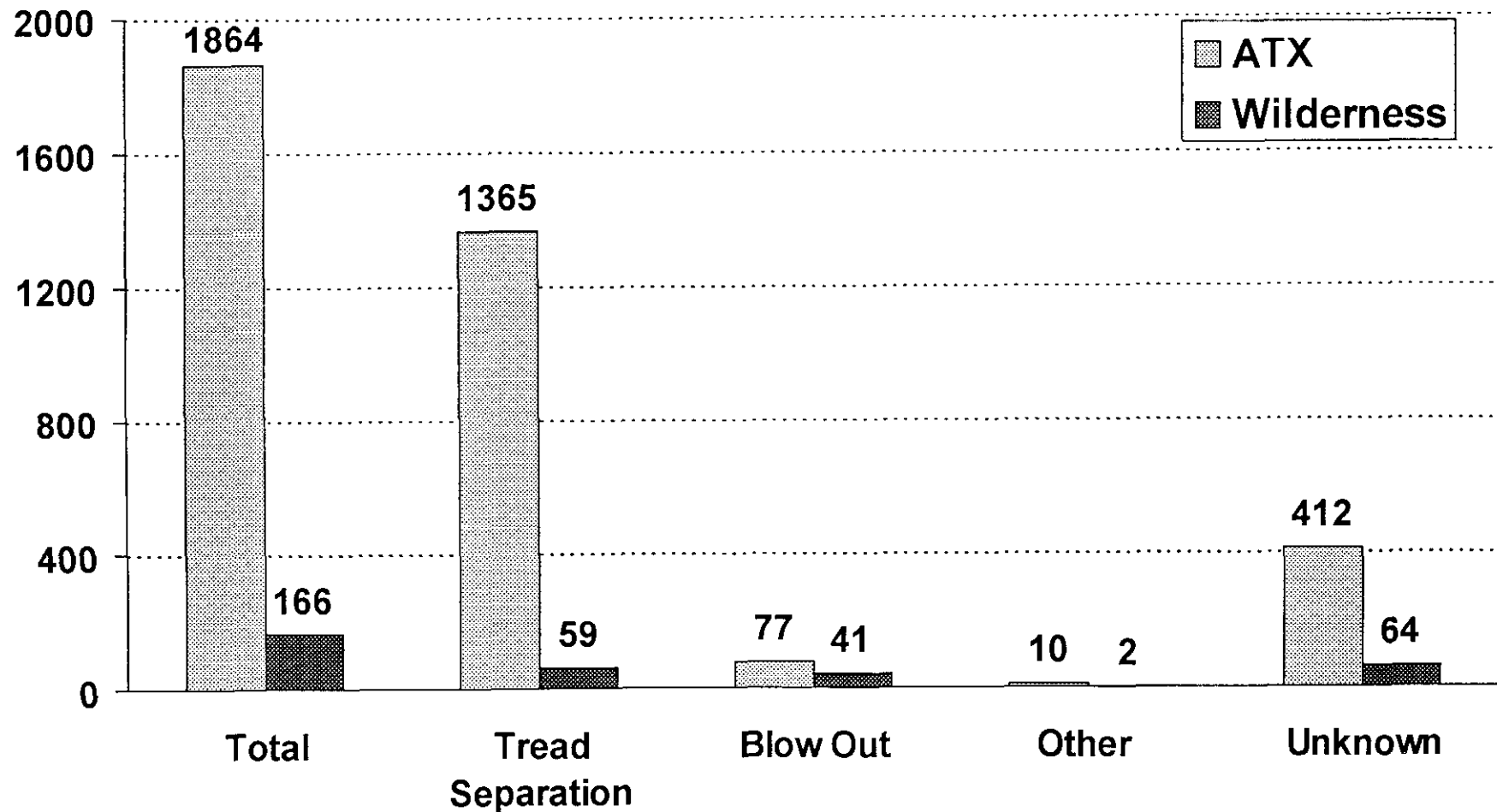
Claims for Firestone Tires by Tire Size



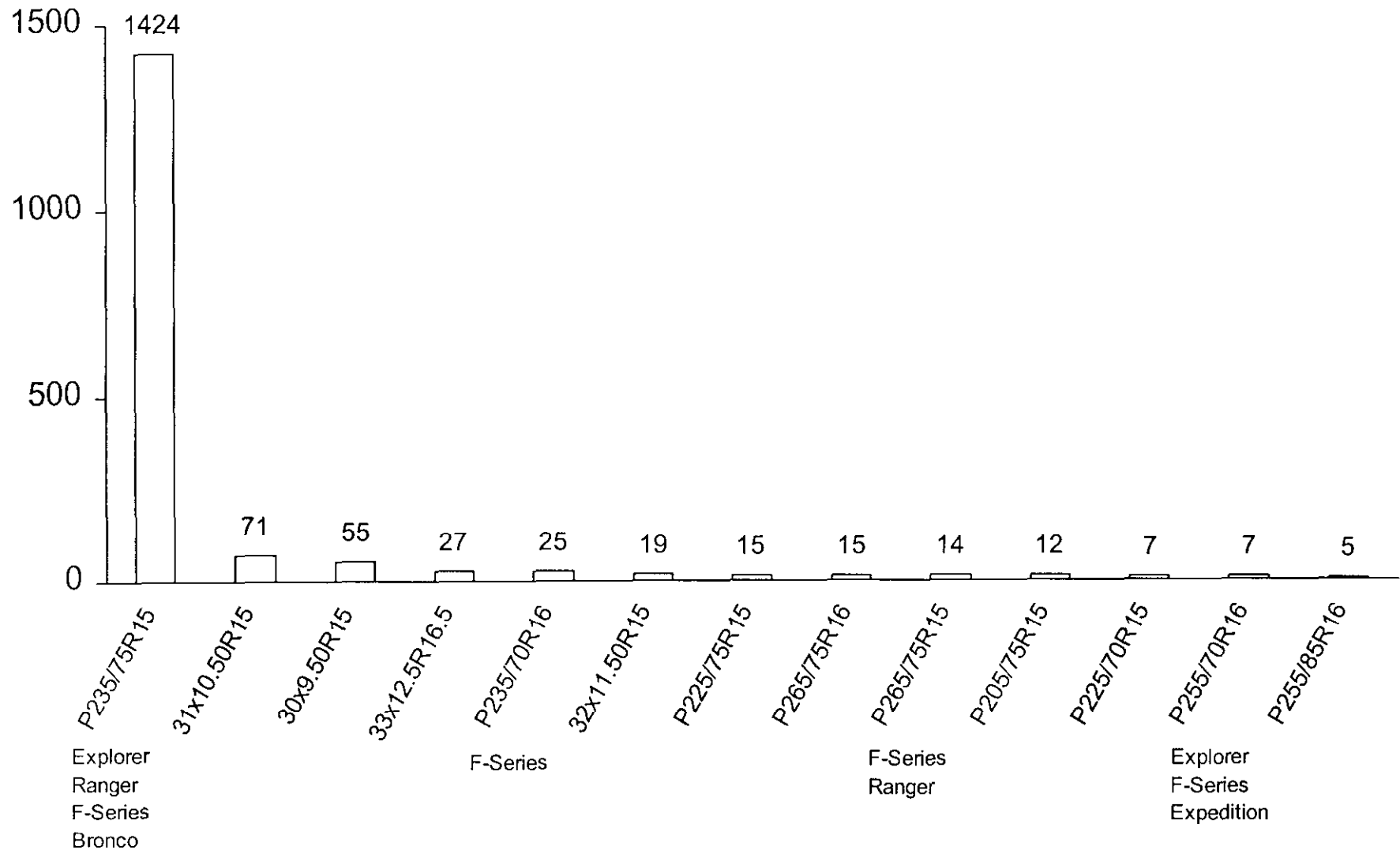
Firestone Property Damage and Injury Claims and Lawsuits Submitted Pursuant to NHTSA Inquiry
Tire Sizes with More Than 30 Claims
Tires with Ford Original Equipment Application Noted

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Claims for Firestone P235/75R15 ATX and Wilderness Tires by Type of Claim



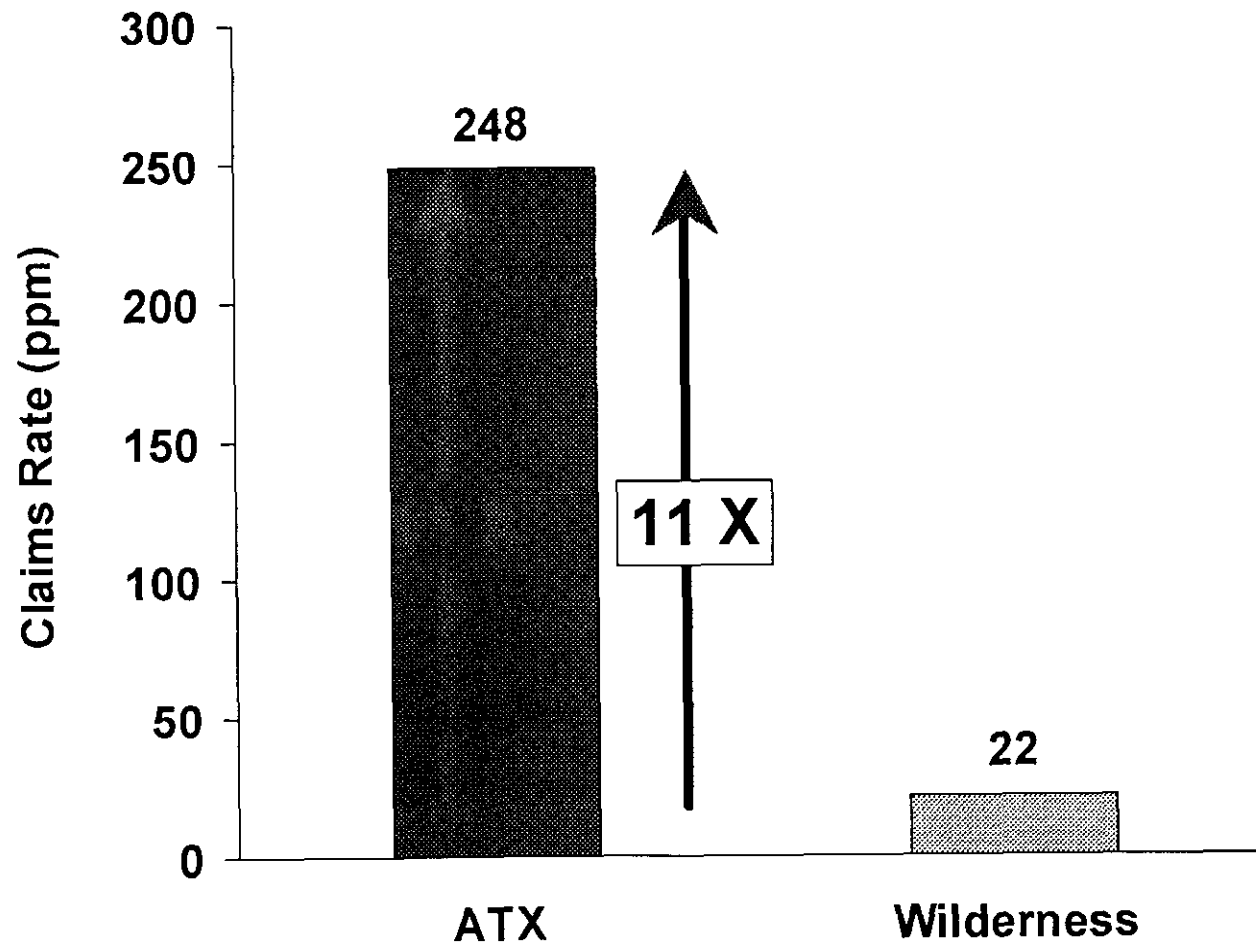
Tread Separation Claims for Firestone Tires by Tire Size



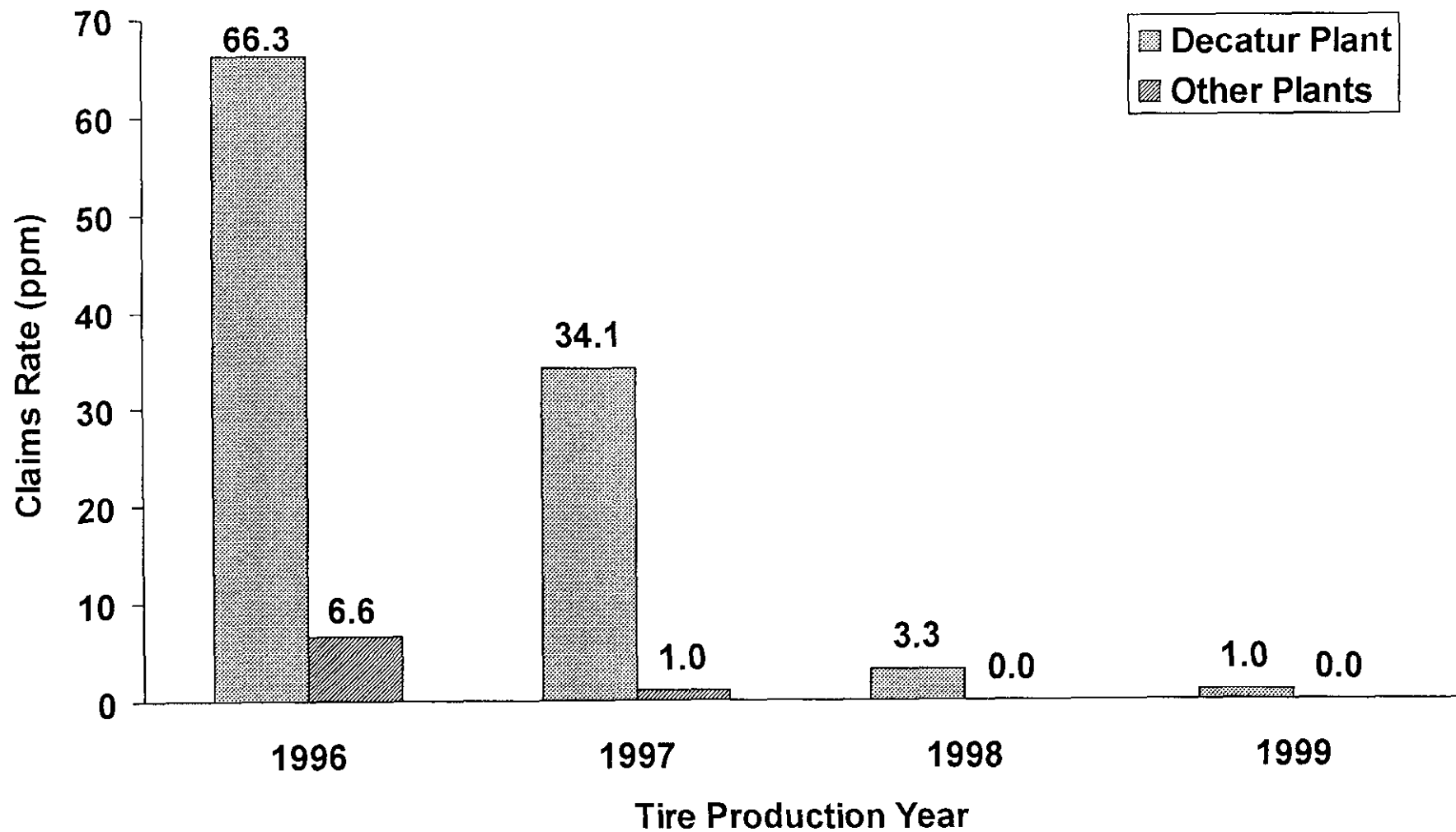
Firestone Claims Data
Tire Sizes with at least 5 Tread Separation Claims
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Ford Motor Company

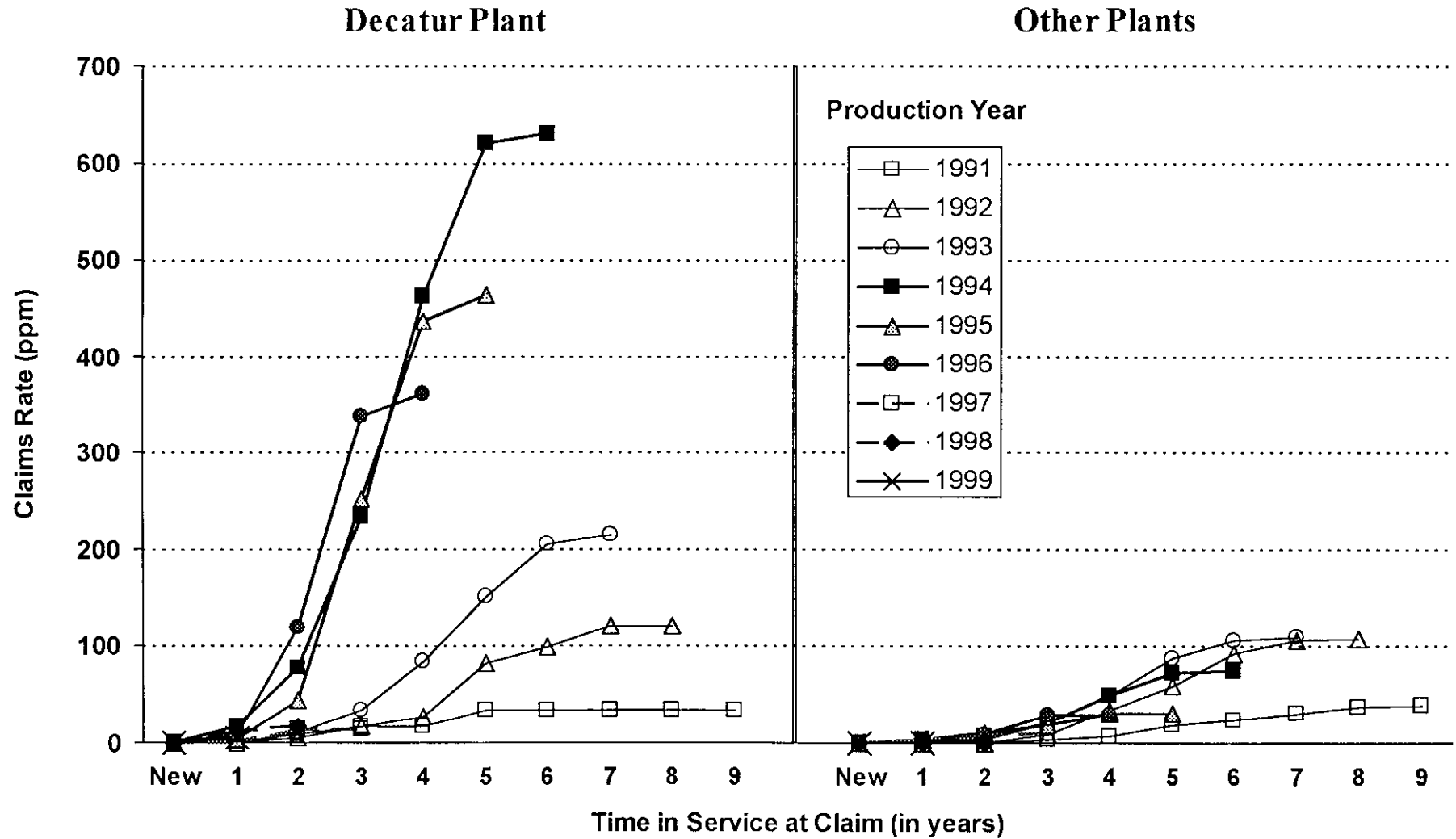
Tread Separation Claims Rate for Firestone P235/75R15 ATX and Wilderness Tires for 1996 Tire Production Year



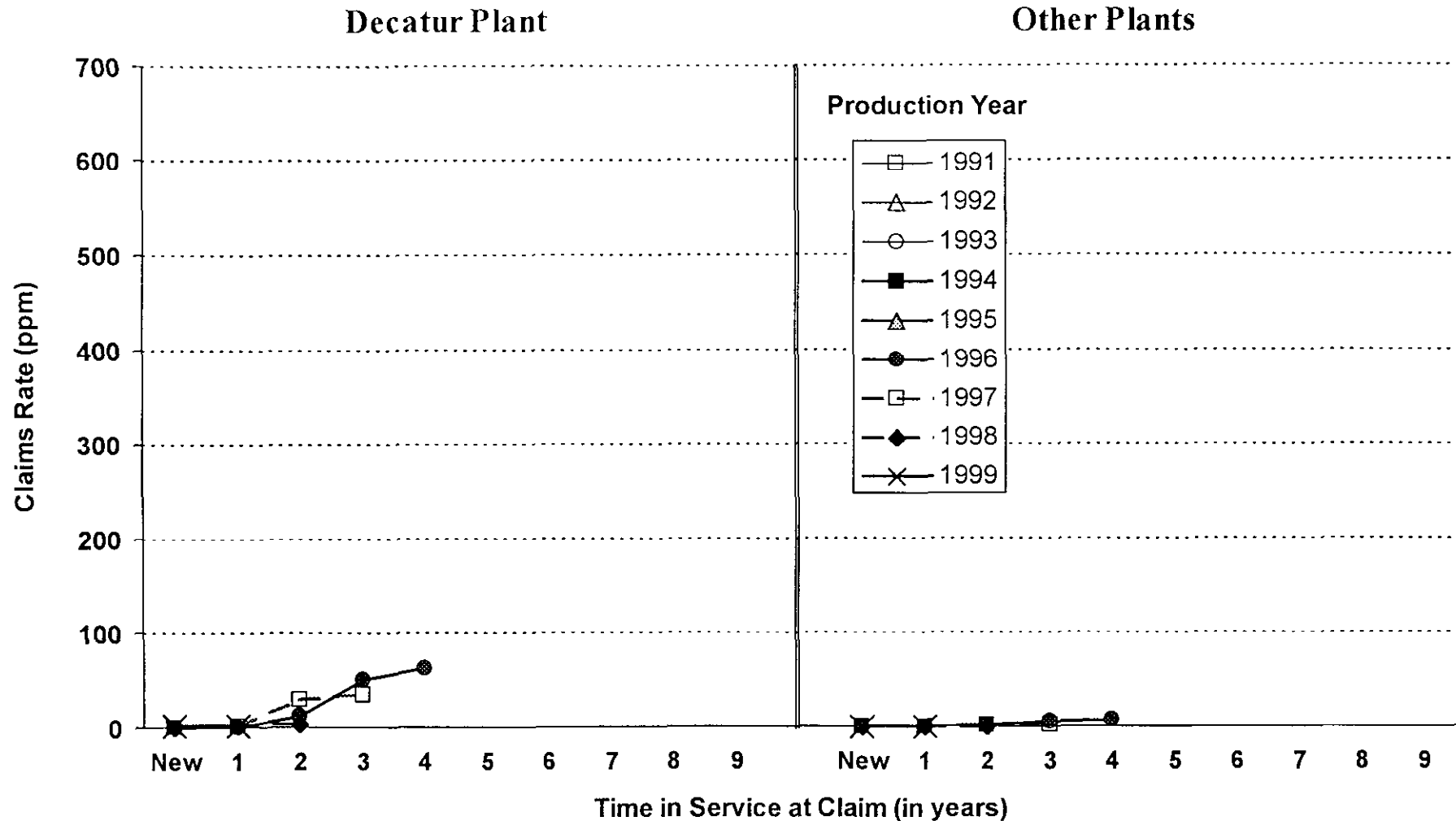
Tread Separation Claims Rate for Firestone P235/75R15 Wilderness Tires by Tire Production Year and Plant



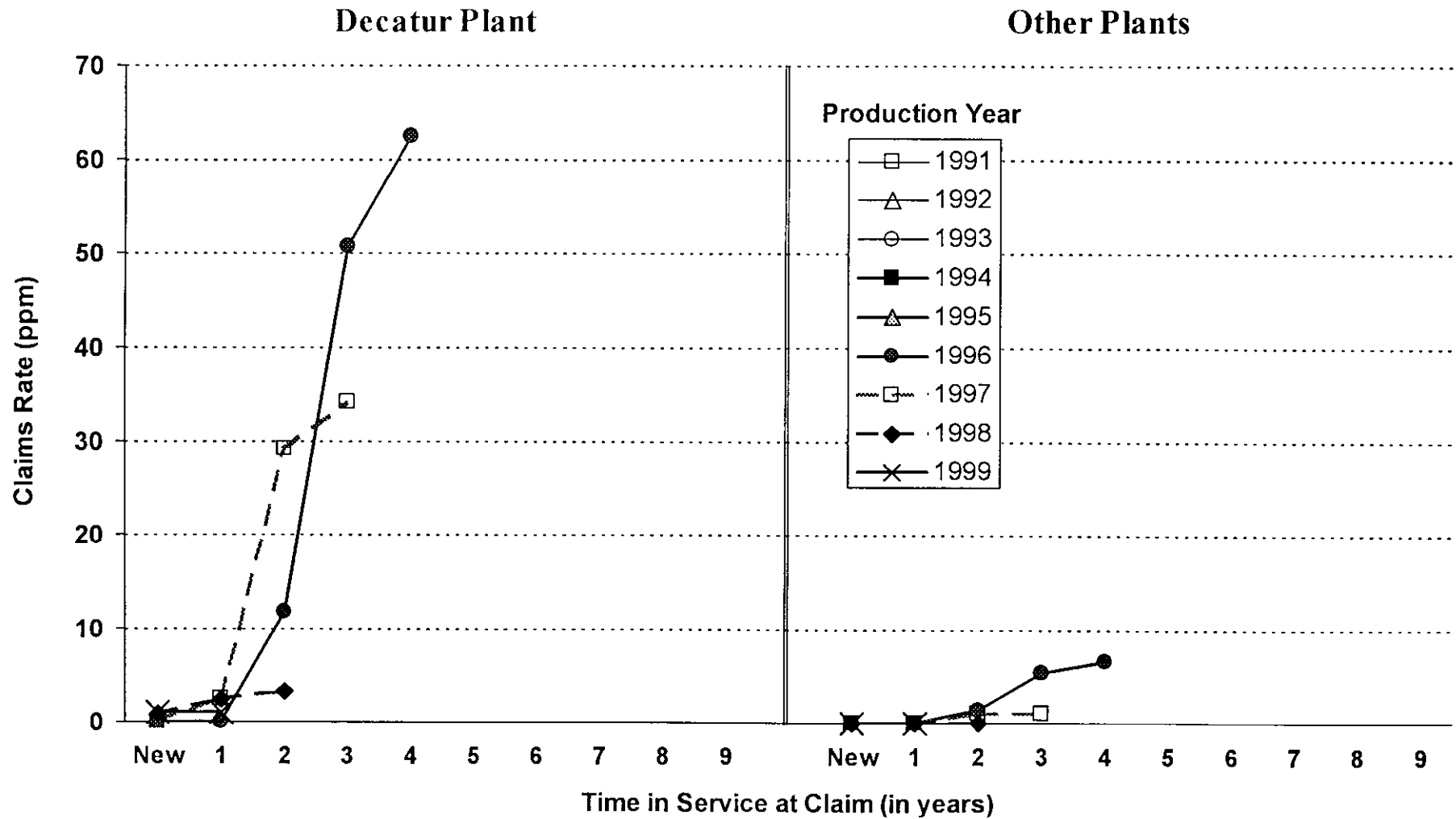
Tread Separation Claims Rate for Firestone P235/75R15 ATX by Time in Service at Claim, Tire Production Year, and Plant



Tread Separation Claims Rate for Firestone P235/75R15 Wilderness by Time in Service at Claim, Tire Production Year, and Plant



Tread Separation Claims Rate for Firestone P235/75R15 Wilderness by Time in Service at Claim, Tire Production Year, and Plant



BIOGRAPHY: JACQUES A. NASSER

Jacques A. Nasser is president and chief executive officer of Ford Motor Company and a member of the Board of Directors. Prior to Jan. 1, 1999, he was executive vice president, president - Ford Automotive Operations, and chairman - Ford of Europe.

Before heading Ford Automotive Operations on Nov. 1, 1996, Nasser was group vice president - Product Development, a position he held since May 1, 1994. He was elected chairman of the board, Ford of Europe, and a Ford Motor Company vice president on Jan. 1, 1993.

Nasser joined Ford of Australia in 1968 as a financial analyst and held a number of positions with Ford's international and U.S. operations.

In 1973, he was transferred to the United States where he worked with Ford's North American Truck Operations and the company's Finance Staff. He returned to Australia at the end of that year as manager - profit analysis, later becoming manager of the product programming and timing area.

Since 1975, Nasser has worked in Ford's International Automotive Operations (IAO) in a number of capacities. His international assignments in the late 1970s and 1980s included several executive positions with Ford's Asia-Pacific and Latin-American operations.

In 1987, Nasser was appointed the first director - vice president of Finance and Administration for Autolatina, the joint venture with Volkswagen in Brazil and Argentina.

He was also responsible for developing a business and operating plan for Ford's Hermosillo (Mexico) Assembly Plant in 1983 and developed and assisted in the negotiation of Ford's South African joint venture program in 1982.

Nasser, who speaks English, Arabic, Spanish and Portuguese, returned to Ford of Australia as president and chief executive officer in February 1990 and ran the company's operations in Australia until he was tapped for the chairmanship of Ford of Europe in 1993.

Born Dec. 12, 1947, Nasser holds Australian citizenship. He received a degree in business studies from the Royal Melbourne Institute of Technology.

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4/20/99